

Herald Tribune

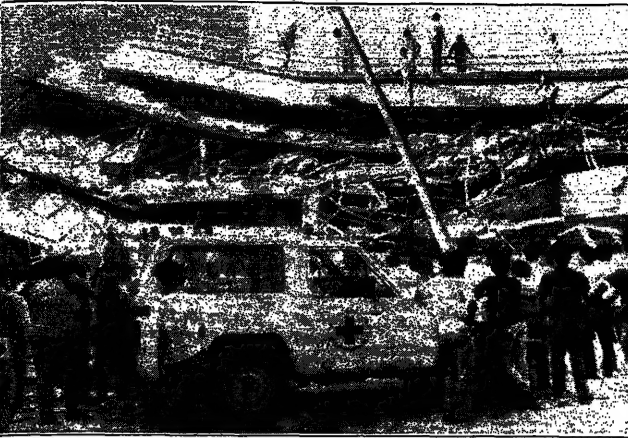
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PARIS, MONDAY, OCTOBER 13, 1986

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ESTABLISHED 1887



An ambulance stands ready as rescue workers search a collapsed building in El Salvador's capital after the earthquake.

Quake Toll Reaches 400 in El Salvador

By Edward Cody

Washington Post Staff Writer

EL SALVADOR — Estimates of the growing death toll in El Salvador reached Sunday from 400 to 500 after Friday's earthquake, as rescue teams and emergency supplies poured into the capital.

Workers continued to dig at a site of the collapsed building, the Ruben Dario office center, as hundreds of persons were sent to have been killed or injured.

At the Planning Ministry, dozens of people were reported injured. At least 20 were pulled out of the operations Saturday.

In a Geneva on Sunday, the Red Cross reported that persons were confirmed dead in Salvador. 4,000 injured and more than 20,000 left homeless in

two earthquakes Friday and a series of aftershocks.

A spokesman for the league said the figures had been compiled by Red Cross delegates flown to the area and transmitted by emergency radio from San Salvador to Geneva.

President Jose Napoleón Duarte declared a state of emergency Saturday.

"We do not know how many more there are in destroyed homes and buildings," he said. "What is without doubt is that there are immense material damages."

He said that at least 100 persons had been confirmed dead and 400 injured in the disaster. But he and other officials noted that the toll was likely to rise greatly as rescuers pulled bodies and survivors from the rubble.

Mr. Duarte said at least one of the capital's dozen hospitals had been damaged, and most of them had to be closed.

In Mexico City, the command of the leftist Salvadoran guerrilla front said Saturday that it had ordered a cease-fire in the war against the government, to facilitate rescue work.

Mr. Duarte rejected the gesture, charging that the rebels had murdered several minor officials during the night.

Discussing the severity of the earthquake, Mr. Duarte said the Salvadoran seismological department measured the first jolt on Friday at 7.5 on the Richter scale. This was considerably higher than the 5.4 registered by the U.S. Geological Survey.

The scale is a gauge of earthquake energy as measured by seismic waves.

An earthquake of magnitude 7 is considered a major earthquake capable of widespread, heavy damage.

The defense minister, General Carlos Eugenio Vides Casanova, said additional troops had been dispatched from the provinces to San Salvador to increase security patrols and military assistance for rescue operations.

He acknowledged that military presence was "a little scarce" immediately after the earthquake, and attributed this to lack of personnel and faulty communications.

"I want to guarantee that we are able to maintain total security," he said.

General Vides Casanova said the main communications center at Zapote barracks near the presidential palace was heavily damaged in the quake. Except for that facility, he said.

See EARTHQUAKE, Page 4

Reagan, Gorbachev Fail To Agree on Arms Deal

SDI Program Cited as Bar To Progress

Compiled by Our Staff From Dispatches

REYKJAVIK — President Ronald Reagan and Mikhail S. Gorbachev were unable to reach arms agreements during two days of intensive negotiations here that ended Sunday.

In the talks, which faltered over the U.S. Strategic Defense Initiative, the two also were unable to set a date for a summit meeting in the United States.

Before the stalemate developed, both sides had hoped for substantial progress on medium-range and strategic weapons and other issues.

"While both sides seek reduction in nuclear missiles, the Soviet Union insisted that we sign an agreement that would deny to me and future presidents for 10 years the right to develop, test and deploy a defense against nuclear missiles for the free world," Mr. Reagan said.

"This we could not and will not do," he said in brief informal remarks at Kefauver International Airport as he was leaving for the United States. "The talks we just conducted were hard and tough, and yet I have to say, extremely useful."

He said there had been progress in every area except in Soviet willingness to agree to allow testing of weapons under SDI to develop a space-based missile defense shield.

Mr. Reagan placed the burden of failure on Mr. Gorbachev.

"We came to Iceland to advance the peace process," he said. "And though we put on the table the most far-reaching arms control proposal in history, the general secretary refused."

Mr. Gorbachev, who presented



Reagan and Gorbachev shake hands after their meeting in Reykjavik.

'While both sides seek reduction in nuclear missiles, the Soviet Union insisted that we sign an agreement that would deny to me and future presidents for 10 years the right to develop, test and deploy a defense against nuclear missiles for the free world.'

— Ronald Reagan

'We were on the verge of taking major, history-making decisions. Since the American administration, as we understand now, is out to make a breakthrough via SDI to military superiority, it even went so far as to bury the accords on which we already reached agreement.'

— Mikhail S. Gorbachev

RELATED ARTICLES ON PAGE 5

■ Despite the ban by Iceland on protests, Jewish groups stated their grievances against the White House spokesman.

■ Controversy over a news blackout prompted charges by the White House spokesman.

■ Nicholas Duffell said that he may have been used in the Soviet Union by the CIA without his knowledge.

LATE NEWS

Jennetson Wins 1st Grand Prix

MEXICO CITY (Reuters) — Gerhard Berger of Austria gave himself and his Benetton team their first-ever Grand Prix win today, capturing the Mexican Grand Prix and throwing the world drivers' championship wide open.

Alain Prost of France finished second in his McLaren, despite his hopes of retaining his world title, and Ayrton Senna of Brazil was third in Lotus.

Another Brazilian, Nelson Piquet in a Williams, finished fourth, boosting his championship points total. A seven behind the leader, Niki Lauda, who finished fifth in his Williams.

Red Sox Edge Angels

ANAHEIM, California (AP) — The Boston Red Sox beat the California Angels 7-6 in the 14th inning Sunday, narrowing the Angels' lead to 3-2 in the American League playoffs.

The game was scheduled to start at 6 p.m. but was postponed until 8 p.m. because of rain.

Earlier stories, Page 19.

SPECIAL TODAY

PERSONAL INVESTING

Where funds that focus on Japanese securities continue to outpace the performance of other funds, but can they keep the pace? Pages 7-11.

Supplier Is Said to Link Bush to Contra Operation

By Doyle McManus

Los Angeles Times Staff Writer

WASHINGTON — Max Gomez, a Cuban-American who participated in the CIA's Bay of Pigs operation, has told associates that he reported to Vice President George Bush about his activities as head of the secret air supply operation that led to the crash of the cargo plane and was captured by Nicaraguan troops last week, according to sources.

Mr. Gomez has said that he met with Mr. Bush twice and had been operating in Nicaragua with the vice president's approval, the sources said.

Eugene Hasenfus, the American crewman who survived the crash of the cargo plane and was captured by Nicaraguan troops last week, said Mr. Gomez was head of the social supply system serving anti-Sandinista guerrillas in Nicaragua.

Speaking at a press conference organized Thursday by Sandinista officials, Mr. Hasenfus said Mr. Gomez worked for the U.S. Central Intelligence Agency.

But several sources said that Mr. Gomez formally worked for El Salvador's air force, not the CIA. They said he apparently got the job with the help of Donald Gregg, a former CIA official who is now an aide to Mr. Bush. Mr. Bush was director of the CIA in 1976 and 1977.

A spokesman for Mr. Bush, Martin Fitzwater, said: "Neither the vice president nor anyone on his staff is directing or coordinating an operation in Central America."

Mr. Bush said Saturday that he had met Mr. Gomez twice, but he denied that Mr. Gomez was employed by the U.S. government. The Associated Press reported from Charleston, South Carolina, where the vice president was campaigning for Republican candidates. "To my knowledge, I met with him twice, shook hands with him a third time," Mr. Bush said.

"To the best of my knowledge, this man is not working for the United States government," Mr. Bush added. "His role was to help the government of El Salvador put down an insurrection, put down a Marxist-led revolution."

The emerging story of Mr. Gomez illustrates the way a group of White House and administration officials kept together a web of private military and financial assistance over the last two years that sidestepped the legal restrictions imposed by Congress in 1984 and kept the rebels fighting while President Ronald Reagan campaigned for re-election.

Organized at Mr. Reagan's behest and operating with his blessing, a network of private citizens and foreign governments has

worked to provide the "contra," as these rebels are known, with airplanes, guns and food to maintain their war against Nicaragua's leftist regime, which Congress approved or not.

No U.S. government funds were directly involved, officials said, and Nicaragua will put the captured American crewman on trial. Page 5.

The CIA was carefully kept at length because of Congress's scrutiny of the agency's operations.

But Mr. Reagan, Mr. Bush and other officials made it clear, both to conservative donors at home and allied governments abroad, that they hoped others would aid the contra war against Nicaragua.

And, several U.S. officials and contra sources said, Mr. Reagan and Mr. Bush instructed aides to help the private aid network get organized but at the same time insist the administration from any direct responsibility for its operations.

As a result, members of Congress said, the White House appeared to have skirted and stretched the law.

See FLAME, Page 4



Raisa M. Gorbachev, the wife of the Soviet leader, examined a tapestry as she was guided through Iceland's National Museum in Reykjavik by its director, Thor Magnusson.

In Blackout, Mrs. Gorbachev Shines

By Robert J. McCarty

New York Times Staff Writer

REYKJAVIK — Raisa M. Gorbachev, the wife of the Soviet leader, toured three museums, visited a thermal spring and gave chocolate to children during a high-profile visit here that irritated U.S. officials.

U.S. officials felt that Mrs. Gorbachev's visit under-

cut their desire for a working atmosphere at the meetings between Mikhail S. Gorbachev and President Ronald Reagan.

Asked early Saturday whether she regretted that Mr. Reagan's wife, Nancy, stayed at home, Mrs. Gorbachev shrugged and said, "There must be a cause."

This reaction pleased for Bush to insist on a tight linkage of reduc-

tion of arms.

The stars appear to be in a class of their own, spinning around each other every 11 minutes. Before the discovery, binary star systems had been found with orbital periods no shorter than 46 minutes and as long as hundreds of years.

High-energy astronomers expect that this extremely dense star pair will help them pursue the basic questions of how star clusters evolve and how gravity waves spread through space.

"It's darn exciting," said Sini A. Rappaport of the Massachusetts Institute of Technology. "It's the thing everybody's talking about and thinking about."

Two ordinary stars could not fit in such a tight orbit, three times closer together than the Earth and the moon.

One member of the pair is a neutron star, a superdense mass of

Kohl Endorses Reduction Of U.S. Nuclear Missiles

By James M. Markham

New York Times Staff Writer

BONN — Chancellor Helmut Kohl has quipped advice from the right wing of his own party and unequivocally endorsed a radical reduction of American medium-range nuclear weapons stationed in West Germany and other North Atlantic Treaty Organization countries.

According to government sources, Mr. Kohl has supported the position of Foreign Minister Hans-Dietrich Genscher in drafting a letter to President Ronald Reagan that did not specifically call for reductions in medium-range weapons to similar cutbacks in Soviet short-range systems targeted on Europe.

Right-wingers in Mr. Kohl's Christian Democratic Party and military experts in the Defense Ministry had expressed alarm that a proposal to limit the two superpowers to 100 medium-range warheads each in the European theater would leave West Germany vulnerable to highly accurate short-range Soviet missiles.

This reaction pleased for Bush to insist on a tight linkage of reduc-

tions in intermediate- and short-range systems. But according to the officials, Mr. Kohl and Mr. Genscher feared such a demand to Washington might torpedo the chances for a "breakthrough" on what is known as a U.S.-Soviet intermediate-range nuclear force.

"We felt that it was not wise to overburden this thing with the short-range issue," an official said. "The philosophy of Kohl's letter is, 'Let's deal with INF now and then take on the concern for the shorter-range systems later.'"

The letter to Mr. Reagan, the official said, asked the American side to oblige the Russians to follow up any accord on medium-range weapons with one addressing the shorter-range systems, particularly SS-20s, SS-20s and SS-20s.

Washington has suggested that these concerns will be taken into account, according to a Defense Ministry source.

With a range of 300 miles (480 kilometers), the SS-20s can cover most of the European central front, a range of 200 miles.

West German military experts have said that negotiating these highly accurate systems could lead

See KOHL, Page 5

Newfound Pair of Stars Spin in Closest Orbit Ever

By James Gleick

New York Times Staff Writer

NEW YORK — Astronomers in Europe and the United States have discovered what they believe is the spectacular aftermath of a collision of two stars, now locked in orbit far closer together than any pair of stars known.

The stars appear to be in a class of their own, spinning around each other every 11 minutes. Before the discovery, binary star systems had been found with orbital periods no shorter than 46 minutes and as long as hundreds of years.

High-energy astronomers expect that this extremely dense star pair will help them pursue the basic questions of how star clusters evolve and how gravity waves spread through space.

"It's darn exciting," said Sini A. Rappaport of the Massachusetts Institute of Technology. "It's the thing everybody's talking about and thinking about."

Two ordinary stars could not fit in such a tight orbit, three times closer together than the Earth and the moon.

One member of the pair is a neutron star, a superdense mass of

atomic particles packed into a ball about 12 miles (19 kilometers) wide. Just 80,000 miles away, astronomers believe, is a "white dwarf," a star whose electromagnetic waves are nearly extinct. The star's substance, they say, is being steadily

'You get two stars together winking around every 11 minutes and all hell breaks loose.'

— Jonathan Grindley, Harvard-Smithsonian Center for Astrophysics

By drained away by its heavier companion.

Because of the extreme densities and the fantastic speed of their descent, the pair of stars produces gravitational effects predicted by Einstein's general theory of relativity.

See STARS, Page 4

Genscher Aide Slain Near Bonn

By James M. Markham

New York Times Staff Writer

BONN — A senior official of the Foreign Ministry has been shot and killed outside his home near Bonn.

Gerold von Braunmühl, the 51-year-old director of the ministry's political section, was shot by a masked man Friday night after stepping from a taxi in the suburb of Lippendorf, the police and Foreign Ministry officials said.

Mr. von Braunmühl, one of the closest associates of Foreign Minister Hans-Dietrich Genscher, had walked to the trunk of the taxi to pick up a bag when the gunman appeared, cutting him down with an automatic pistol and firing at least two more shots into his body after he fell.

The taxi driver crouched behind the vehicle and watched as a second masked man appeared and drove off with the gunman, police said.

A police spokesman said that a letter found near the scene claimed responsibility for the killing in the name of the Lippendorf School Com-

See BONN, Page 4

Queen Arrives in China for 6-Day Visit

A Young Pioneer saluted Elizabeth II on Sunday as she arrived on the first visit ever to China by a reigning British monarch. The queen's itinerary includes meetings with officials in Beijing and stops in Shanghai, Kunming, Guangzhou and Xian before she leaves for Hong Kong on Saturday.

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Reagan Signs Measure To Finance Government Through Wednesday

By Jonathan Fierbringer

New York Times Service

WASHINGTON — President

Ronald Reagan signed a stop-

gap bill to finance federal opera-

tions through Wednesday, aver-

ring the administration's unannounced

shutdown and averting a shutdown

of the government.

The president signed the bill Sat-

urday in Reykjavik, where he was

meeting with the Soviet leader,

Mikhail S. Gorbachev.

The shutdown of the government

was set to begin Saturday morning

because administration officials were

considering the decision to shut

down the full-year appropriation

bill. The House included its own

version of the bill.

The House and Senate agreed to

the measure, which Congress ap-

proved Friday, according to Edwin

Dale Jr., a spokesman for the

Office of Management and Budget.

The uncertainty about closing

down the government added to the

pressure to pass the budget

before the House and the Senate

struggled to pass the last re-

maining budget bills and adjourn

for the year this week.

The government has been re-

sisting on stopping financing bills

for the current fiscal year be-

cause Congress has yet to reach

agreement on a full-year

comprehensive appropriations

measure.

That bill is now in conference

between the House and the Senate,

and the effort to reach a compro-

mise is being complicated by strong

opposition from the president's

chief of staff, Mr. Donald Regan.

The measure Mr. Regan signed

finances the government through

Wednesday, the day Congress

adjourns. The bill also provides

for the continuation of the

government through the end of

the fiscal year, which ends on

September 30.

Mr. Dale said a veto would have

been down the government begin-

ning Sunday, with only a marginal

chance that the bill would be

passed.

While Mr. Dale said Friday that

the president's advisers were

considering a veto, officials said

that the decision was re-

considered because of the major

compromise on arms control

agreed to Friday by the House

Democratic leadership.

The administration's aim is a

shutdown would have been to

pressure the House and Senate to

move quickly to an acceptable com-

promise on the full-year appropriation

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Eugene Hasenfus and his wife, Sally, at a news conference in Managua last week called by the Sandinist government.

Nicaragua to Prosecute U.S. Survivor of Crash

By Julia Preston

New York Times Service

MANAGUA — An American

crewman from a downed cargo

plane who was captured by Sandinist

troops will have to stand trial here,

the Nicaraguan government has

announced.

Members of the U.S. count-

ing laws and could face a jail

term.

Mr. Ortega said Saturday that

Mr. Hasenfus "probably" would be

judged in the Anti-Somocero Peo-

ple's Tribunal. The tribunals are

special courts in which convictions

are virtually assured.

The changes were announced

Saturday by Arturo Gelsb-

berger, the paper's publisher. Mr.

Gelsbberger also announced the ap-

pointments of Arturo Gelsb, 62, as

managing editor; Jack Rosenfeld,

51, as editor of the editorial page;

and Leslie H. Gelsb, 49, as deputy

editor of the editorial page.

Arthur Gelsb has been The Ti-

mes' deputy managing editor, and

Jack Rosenfeld has been deputy

editor of the editorial page. Leslie

Gelsb has been national security

correspondent, based in Washing-

ton.

There is no family relationship

between the two Rosenfelds and

the two Gelsbs.

The changes take effect Nov. 1.

Max Frankel to Succeed Rosenthal at N.Y. Times

New York Times Service

NEW YORK — A.M. Rosen-

feld, 64, is leaving his position as

executive editor of The New York

Times and will be succeeded by

Max Frankel, 56, who has been

editor of the editorial page.

The changes were announced

Saturday by Arturo Gelsb-

berger, the paper's publisher. Mr.

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Senate Races: Too Close to Call

Democrats' Hopes to Win Control Hinge on 4 States

By R.W. Apple

New York Times Service

ST. LOUIS, Missouri — With

about three weeks left in the 1986

political campaign, the Democrats

seem sure to gain ground in the

Senate, but they appear to have

only slightly better than an even

chance to post the net gain of four

seats they need to regain control.

Public opinion polls and inter-

views with people who closely fol-

low politics in the key states indi-

cate that if the election were held

tomorrow, the Democrats would

probably pick up four seats now

held by Republicans and the Re-

publicans would be likely to win

one seat now held by a Democrat.

That would amount to a net gain

of three for the Democrats.

But in four states the counts

appear at the moment to be too

close to call, and the outcome in

these races will probably decide the

final result for the Senate.

If all the other races go as they

now seem likely to, the Democrats

would have to win two of these four

to achieve their goal of controlling

the Senate in the final years of

President Ronald Reagan's term.

A net gain of only three seats

would produce a tie at 50 seats each

in the Senate.

The four pivotal states, it ap-

pears, are Idaho, Washington and

North Dakota, where incumbent

Republicans are under heavy pres-

sure from Democratic challengers,

and Louisiana, where two House

members are running neck-and-

neck for the seat long held by Rus-

sell B. Long, a Democrat who is

retiring this year.

With only two or three excep-

tions, Republicans have outstep-

ped their rivals and are poised to

continue that edge in the home

stretch of a campaign that has been

mostly on television.

The negative character of many

television commercials, with candi-

dates attacking each other on re-

latively minor points rather than

debating the issues, is cited by some

politicians as a possible explana-

tion for a low level of public inter-

est in new states.

Republican candidates appear to

be comfortably ahead in 13 states

where the party is defending seats it

now holds, and Democrats appear to

be well ahead in defending eight

seats. That leaves 13 states where

the real struggle for control of the

Senate is taking place.

In two, North Carolina and

Pennsylvania, Republicans are

holding narrow leads.

Similarly, Democratic candi-

dates are leading by small margins

for two seats now in the Democrat-

ic column, in California and Colo-

rado.

The Republicans' best chance

for a pickup seat, as things now

stand, is in Missouri, where former

Governor Christopher S. Bond is

leading Lieutenant Governor Har-

riet Wood, the Democratic nomi-

nee, in the contest to succeed

Thomas F. Eagleton, a Democrat

who is retiring.

The pressure on Mr. Bond is sub-

stantial. If he cannot hold onto the

seat, Republican chances of overall

victory for the Senate would all but

disappear.

In Maryland, Representative

Barbara A. Mikulski is believed to

hold a sizable lead over her Repub-

lican opponent, Linda Chavez, a

former White House aide, for the

seat of Senator Charles McC. Mc-

Mathis, a Republican who is retiring.

Another probable Democratic

gain is in Florida, where Governor

Bob Graham has led Senator Paula

Hawkins, a strong anti-drug cam-

paigner, since he declared his can-

didacy. Senator Hawkins has

closed the gap, but the governor

IOC Opens Meeting to Pick Sites of 1992 Games

By Thomas W. Netter

LAUSANNE, Switzerland — More than 3,000 delegates gathered here Sunday as the International Olympic Committee opened a five-day meeting to pick the sites for the 1992 Summer and Winter Games.

Thirteen cities are candidates, six for the Summer Games and seven for the Winter Games. That record number is a sign of resurgent interest in being host for the Olympics.

In 1978 when the International Olympic Committee chose host cities for the 1984 Games, Los Angeles was the sole candidate for the summer games.

"We can only rejoice at this very tough but friendly competition," the president of the committee, Juan Antonio Samaranch, said at the opening ceremony at the Palais de Beaulieu in Lausanne.

Bidding for the Summer Games are Barcelona, Amsterdam, Seville, Paris, Birmingham, Glasgow, and Brisbane, Australia. Bidding for the Winter Games are Sofia, Anchorage, Alaska; Lillehammer, Norway; Falun, Sweden; Albertville, France; Cortina d'Ampezzo, Italy; and Berchtesgaden, West Germany.

By Sunday, the lobbying effort was in full swing, with information booths set up and hundreds of representatives of candidate cities present in Lausanne as part of efforts that are said to have cost more than \$100 million.

Dave Bean, a spokesman for Anchorage's organizers, was passing out handbills of buttons Sunday.



The elder Jean-Claude Killy, right, a member of the committee for the Olympic candidacy of Albertville, France, talks with Sallyanne Adamson, Lord Mayor of Brisbane, Australia, and another Albertville delegate before the IOC meeting in Lausanne, Switzerland.

that bore the message "Wild About Anchorage" and a picture of a dancing moose in top hat and tails.

"Go ahead and take as many as you want," he said.

The campaign effort for Amsterdam included a free shuttle bus service for delegates and a display of tulips. But there was also a demonstration by protesters carrying a banner saying "Amsterdam Never!" and declaring the city's people "re-tactant" to host the games.

An official of the International Olympic Committee said that no clear leader had emerged for either set of events, although Paris, Amsterdam and Barcelona were fa-

vored for the Summer Games, and Seville, Amsterdam and Falun for the Winter Games.

"Four years ago, I could have told you a week in advance who the winner would probably be," said the official, who asked not to be identified. "But this time, there's no telling."

Despite the Soviet-led boycott of the 1984 Summer Olympics, delegates said that the success of the games at Los Angeles and at Sarajevo, Yugoslavia, have poured new strength into the Olympic movement after a decade of decline.

The 1984 Games showed that boycotts could be avoided, terrorism averted and profits made, delegates say.

Organizers in Seoul and in Calgary, Alberta, hosts of the 1988 Games, hope to repeat the experience.

At the Lausanne meeting, International Olympic Committee delegates are also expected to approve a plan that would end the practice of staging Winter and Summer Games in the same year.

Officials said that if approved, the move could become effective by 1994. It would alter practices for choosing Olympic sites that now virtually rule out holding both sets of Games in the same country or continent in the same year.

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PLANE: Head of Contra Supply Operation Reportedly Is Linked to Bush

(Continued from page 1)

forbidding direct aid to the rebels, but stopped short of breaking it.

The exposure of the secret supply effort has caused an uproar in Congress, condemnation in El Salvador and alarm in the administration. But members of Congress said that they did not expect the disclosure to block the final passage of a new \$100-million fund of U.S. aid for the contra that both houses have approved.

To administration officials, the private supply effort has been a success because it has kept the contra fighting during two years without U.S. military aid.

"What's kept the resistance alive

has been private help," said Elliott Abrams, assistant secretary of state for inter-American affairs. "Some members of Congress accuse us of approving of this with a wink and a nod. A wink and a nod, hell. We think it's been fine."

Mr. Abrams said it was not surprising that the air-supply program's managers sought to hire people with CIA backgrounds, because they had experience in covert operations.

Under these circumstances, Mr. Abrams said, it was "perfectly plausible" that Mr. Henares was working for the CIA.

Mr. Gomez, who is also known as Felix Rodriguez, participated in

the abortive Bay of Pigs invasion of Cuba in 1961. Sources said Sunday that Mr. Gomez was employed by the CIA as recently as the 1970s.

The Western Hemisphere Affairs Subcommittee of the House Foreign Affairs Committee has scheduled hearings Wednesday on the plane that was shot down in an effort to determine if the U.S. government was involved. The House Permanent Select Committee on Intelligence also was considering an investigation.

After a secret, three-hour briefing by administration officials, several members of Congress said that their focus had shifted from the CIA to the White House.

"The CIA has been staying away

from the active promotion of the paramilitary operation," said Senator David F. Durenberger, Republican of Minnesota and chairman of the Senate Select Committee on Intelligence. "I cannot say the same about the president of the United States."

Meanwhile, a rebel spokesman said the contra would continue to use clandestine flights to supply arms and other equipment to their front-line forces.

"We will continue supplying our forces by whatever means are called for," said Bosco Matamoros, spokesman for the Nicaraguan Democratic Forces. "The war cannot be suspended."

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French Soldiers Reaching Out to Kanaks

By Claire Rosenberg

POHO, New Caledonia — French graduates travel through the countryside on horseback, helicopters circle the central mountain range and troops dig into position under the watchful eye of Melanesian Kanak tribal chiefs.

France has about 6,000 troops, gendarmes and riot police in its South Pacific territory, one for every 24 civilians in the population of 145,000.

From a village command post on the coast, Colonel Michel Theodoly-Lucas commands a 500-man regiment covering 860 square miles (2,200 square kilometers) of territory that is a hotbed for Kanak separatists fighting to end 133 years of French rule.

Colonel Theodoly-Lucas has been ordered to "bring aid and security to the local population through roving missions in the region that is deeply resented by the indigenous Kanaks."

The military says it has restored law and order and earned respect from Kanaks by protecting them from attack by more heavily armed separatists.

Hard-line separatists say the campaign to win the hearts and minds of the Kanaks is a disguise for gathering intelligence on any new Kanak offensive.

The 1st Infantry Paratrooper Regiment, a year into its mission for the region, said the Socialist government in Paris was "definitely in a disaster."

Rightist leaders here in France accused the Socialist government of the violence by favoring separatism.

After the election, troops from the Pacific force stationed in the territory were based around strategic installations, not police. The army said the men had been hit by a stray bullet. The Kanak's liberation front later questioned the official account but apparently does not play up the incident.

"There was little left here when we arrived," the colonel said. "No food, spare parts or repair facilities. Now the tension has eased. Our presence has restored both sides and people come to us for help on all sorts of problems."

The men were brought in for what he describes as "a totally new."

"When we first arrived they said we would rape the women, kill the men and bring AIDS to the country."

— Captain Philippe Beny, French paratrooper

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Recent Devastating Quakes

(Continued from page 1)

LONDON — Each of these earthquakes in the past two decades caused the deaths of at least 1,000 people.

■ Northeast China, July 28, 1976. Up to 600,000 died.

■ Mexico City, September 19, 1985. Killed at least 10,000 and perhaps more than 20,000.

■ Khuzestan, Iran; August 1968. An estimated 12,000 were killed.

■ Mindanao, Philippines; August 1976. Earthquake and tidal wave killed an estimated 4,000.

■ Naples, November 1980. Caused devastation in much of southern Italy and killed an estimated 4,800.

■ Al Assam, Algeria; October 1980. About 4,500 were killed.

■ Bucharest, March 1977. Part of the city was destroyed and more than 1,500 were killed.

■ 19th March, October 1983. About 1,300 died.

■ Gediz, Turkey; March 1970. More than 1,100 died and the city was largely destroyed.

EARTHQUAKE: Salvador Toll

(Continued from page 1)

Committee of the Red Cross said it had suffered 13 tons of tents, blankets and first aid kits from Panama to San Salvador.

At least eight major office buildings in the city have been destroyed.

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STARS: Pair Found in Tight Orbit

(Continued from page 1)

by but rarely observed or measured.

"It's an incredible combination in the first place," said Jonathan Gruber of the Harvard-Smithsonian Center for Astrophysics in Cambridge, Massachusetts.

"And from a fundamental physics point of view, it will be a very interesting laboratory to study the effects of gravitational radiation."

"You get two stars together, winging around every 11 minutes and all hell breaks loose," he said.

The tremendous mass of the neutron star draws matter from the white dwarf steadily but erratically.

When the matter hits, the collision in high gravity heats it to temperatures of 30 million degrees Fahrenheit, emitting violent bursts of X-rays.

A result is a source of energy 100,000 times greater than the sun.

"You get a beacon you can see across the galaxy," said William C. Fitch of the Los Alamos National Laboratory in New Mexico.

He said the pair is in a tight orbit, just 100 miles apart.

"If you just drop a marshmallow on a neutron star, you get the energy of Hiroshima."

It's about the most energetic source of energy available in the universe.

They argued that the only remaining possibility was a two-star system with an extremely fast period, unlikely as it seemed.

Since then, several other groups using other data have confirmed their finding.

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The regiment dealt with tribal chiefs and with the web of Kanak customary law. Once accepted, squads of 30 to 40 men set up camps, gave presents of cloth, cigarettes or cash, which are offered by visitors to a Kanak tribe, organized volleyball teams and screened movies.

"At first they were suspicious, they just stood and eyed us off," said Captain Beny.

"But we brought medical help, trucks to transport wood or sand, dug ditches and helped them with their coffee plantations," he said.

Captain Beny has barred alcohol for his men, given strict orders against sexual relations with local women and expressed interest in the Kanaks' way of life.

The commanding officer says a sign of their success is that 62 of the 75 tribes in the region have agreed to accept visits by the men.

But the tension remains. On one recent weekend, in the first incident of its kind since the troops arrived, two officers were wounded and stood by a group of what they said were drunken Kanaks.

While trying to flee, one of the paratroopers shot and badly wounded a Melanesian in the stomach. The army said the man had been hit by a stray bullet. The Kanak's liberation front later questioned the official account but apparently does not play up the incident.

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PERSONAL INVESTING: FUNDS

FOCUS

A Forgotten Factor In Fund Returns

RISK. It's an unpopular word to mutual fund sponsors. The aversion is understandable in an industry where investment savvy often is blurred by marketing glossiness. After all, the funds have so far enjoyed a profitable existence by stressing safety in numbers. And few investors will argue with this logic.

But as the field becomes crowded with increasingly exotic products and investors are lost in a moshing pile of total return statistics, a deeper understanding of risk is in order.

"Risk is a poorly understood concept," says Norman G. Fink, president of the Institute for Economic Research and editor of *The Mutual Fund Forum*. He tells his readers first to determine their risk tolerance and then choose an appropriate fund. Ideally, he says, investors should choose three to four funds to spread their risk.

The kind of risk that experts worry about has little to do with the end of the bull market. It is an accepted fact that when the markets turn down, most mutual funds will suffer. Instead, they are concerned that while investors may understand that certain funds are riskier than others, they may not be able to accurately measure the risk or determine if they are adequately rewarded for the amount of risk they are taking.

THERE are two statistical measures that experts use to determine the riskiness of a fund. In broad terms, "standard deviation" measures the fluctuation of a fund's monthly returns over a period of time, while "beta" relates a fund's volatility to the market. For example, a beta of 1.0 means that the fund's volatility is equal to the broader market. If it is higher, it means the fund's portfolio is riskier. Lower than 1.0 means a safer fund.

For example, Fidelity's Investment Co.'s Magellan Fund, with almost \$7 billion in assets, had a beta of 1.17 in the three years ended June 30, according to CDA Investment Technologies of Silver Spring, Maryland. At the same time, its monthly total return varied by an average of 4.36 percent, compared with the 3.51 percent of the 850 funds that CDA tracks. Both factors indicate a slightly riskier strategy, but one that generated an average total return of more than 20 percent a year.

Indeed, risk is not necessarily bad. Funds with low volatility may underperform the market. Jon Manville, publisher of the *Mutual Fund Sourcebook* in Chicago, says Dreyfus Convertible Securities is one of the best performers on a risk-adjusted basis. Its riskiness, as measured by standard deviation, was almost half the average for all funds over the last 10 years, but its average annual return was 14.3 percent, slightly below the 16 percent gain of funds in general.

Understanding the degree of risk in any one fund is not enough, however. Professional investors make sure that a fund can match risk with a fair return. This is especially true for investors with a higher threshold for risk.

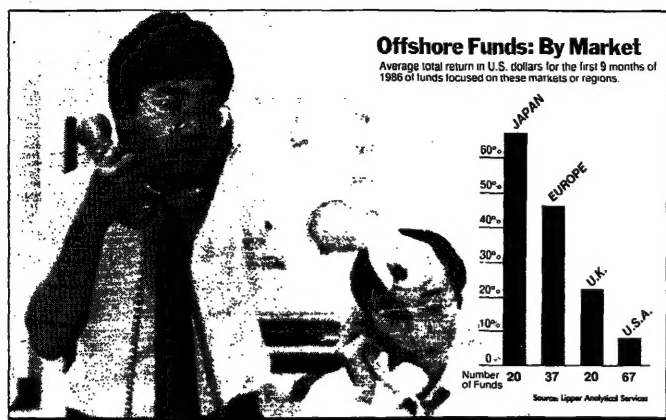
OFTEN they are misled by the staggering total returns touted by aggressive funds without realizing that they are being short-changed given the amount of risk they are taking. If the funds had been invested in the big winners in terms of total returns in the last quarter, but the Mutual Fund Sourcebook found them to be the worst performers on a risk-adjusted basis over the past 10 years.

To select a fund that offers the best risk-reward ratio, sophisticated investors measure a fund's "alpha." A fund with a positive alpha is generating returns in excess of what might have been expected given the amount of risk it took and the performance of the market. If the alpha is negative, it indicates that a fund is falling short of reasonable performance expectations.

The Magellan Fund, for instance, had a positive alpha of 1 percent in the three years ended last June. This means that 1 percent of its total return can be viewed as an unexpected bonus. By contrast, Fidelity's Select Precious Metals had a negative 24.8-percent alpha in the same period.

Still, many experts believe that alpha is an inappropriate measure for funds of specialized funds. The Merrill Lynch Pacific Fund currently has the highest alpha rating, according to CDA. But even Sporn Kipponis, executive vice president of CDA, cautions that this is hardly a realistic measure for a fund that invests heavily in the volatile Tokyo stock market. "It isn't particularly useful comparing international funds to the Standard & Poor's 500," he says. □ John McEwan

Japan Funds' Returns Bring Hard Questions



Foreign exchange traders at a Tokyo bank. The yen's rise has bolstered funds investing in Japan.

The New Allure Of Gold Funds

By Terry Trucco

DAVID Smith, manager of Schroder Portfolio Selection Gold, alpha when he recalls the fund's launch just over two and-a-half years ago. After some initial excitement, the fund soon fell on hard times as the price of gold plunged from \$354 an ounce to a low last year of \$281.20.

Barley generating a return and flush with as much as 20 percent in cash because of the down market, the outlook for the fund seemed bleak at one point that Mr. Smith acknowledges his own doubts suffered. "When someone called up and said they wanted to put \$1,000 (about \$1,400) in gold, I'd want to say no. It's difficult when the product is one you wouldn't pluck personally."

For more than two years this was a common story when it came to gold funds. After all, they were the funds that almost no one would touch, especially in a climate of low inflation and declining interest rates. With an ounce of gold trading in a narrow price band, rarely dipping \$340, it was difficult to compete with the more publicized equity funds that were reaping big rewards from booming stock markets.

During the height of the dry spell in 1984 and 1985, the funds adopted a variety of defensive approaches. Most pursued a strategy similar to Schroder's, selling off mining shares that traditionally make up the bulk of their portfolios while moving heavily into cash. More widely based funds, such as Tynsall's Natural Resources, lowered their gold exposure in favor of other metals, oils and gems.

A few, like M&G Management's Gold Energy Fund, opted for low liquidity and a selective play of gold shares, often Australian. "We take the decision that people in this fund want to be in gold," says David Huchins, assistant manager of the fund. □

The worst performing funds of three months ago suddenly are going to be the best," says Julian Baring, a gold analyst with James Capel & Co. Add Peter Scott, an international investment strategist with Gartmore Fund Managers. "People may be looking for something that has lagged a bit and will move into gold as an insurance policy."

Many think the metal's early autumn leap is the start of a rise linked to growing nervousness over prolonged gains in equity and bond markets, concern over Third World debt and predictions of increased inflation, among other things. Some market watchers expect the price of gold to reach \$450 at the end of the year, edging up from between \$350 and \$400 in 1987, with periodic corrections along the way.

Gold's increase already has sweetened shares in mining concerns, notably in Australia and South Africa. For the first time

Continued On Page 8

Aggressive tactics have paid off, but can Tokyo keep up the fast pace?

By Peter Field

OFFSHORE funds that invest heavily in Japanese securities continue to dominate the 1986 performance sweepstakes, helped along by further appreciation of the yen. The question for investors is whether these funds can continue the blistering pace of the last year.

In the nine months ending Sept. 30, Japanese-focused equity funds scored an average total return — price appreciation plus reinvested dividends — of more than 67 percent in dollar terms, according to figures compiled by Lipper Analytical Services, which tracks the fund industry. Thanks to lower interest rates, yen bond funds nearly did as well, returning a little more than 57 percent on average. Both equities and bonds got a boost from the nearly 25-percent rise in the yen against the dollar since the first of the year.

In the third quarter, the leap in gold prices over the \$400-a-ounce barrier pushed long-absent precious metal funds into the top-performing ranks. Metal prices also contributed heavily to the performance of two funds specializing in Philippine shares, which have exploded since the change in government there. The portfolio of one fund, Jardine Fleming's Philippine Trust, is 25 percent invested in local gold shares.

But it was the Japanese funds that continued to lead the list of winners over the last 12 months. The most successful funds in the Japanese sector switched out the traditional blue-chip export stocks before they were hit by the negative consequences of the appreciated yen.

"The emphasis of our investment switched right over towards the end of last year when we perceived the export economy was nose-diving," says David Graham, a fund manager at Lazard Securities in London. Lazard's Far Eastern Fund was instead focused for domestically oriented shares such as real estate, construction, and retailing and utilities.

It was the same story at Jardine Fleming, which had three funds among the top 10 performers for the 12-month period. "There has been a strong focus on any stock likely to benefit from stimulus to the domestic economy," notes Rodney Williams, Fleming's marketing manager.

Jardine achieved additional funds by investing heavily in warrants on Japanese shares. These instruments, which accounted for nearly 15 percent of one Jardine portfolio, operate much like long-term traded options on shares. Like options, they move far faster and further than the underlying shares.

Gartmore Investment Management also did well in Japanese warrants with a special fund devoted to them, and two other specialist funds, the Yen Convertible Bond Fund and the Oriental Ventures Trust. Run from Hong Kong, Oriental Ventures invests in special situations throughout the Asian Pacific region. The fund's shares are high volatile, notes Bruce Saxon, the Gartmore director responsible for the Far East. It's "not for widows and orphans," he cautions. Half of the fund is currently invested in Australia, where it has cashed in on a takeover boom.

Lazard has trimmed the Far Eastern Fund's exposure to Japanese shares to about 85 percent from 90 percent. The rest is in Australia, Hong Kong, Singapore and Taiwan. Star performers for Lazard were Nomura Securities, up 300 percent in nine months, Mitsubishi, and Tokyo Corp. In Australia, Rupert Murdoch's News Corp. proved a successful, as did Robert Holmes & Court's group, J.N. Taylor.

Given Tokyo's stunning climb, investors are beginning to worry about

Continued On Page 8

A breakdown of fund performance

8

Taking the global view

9

A bull market in newsletters

11

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UPDATE

Pure Plays On Spain

AFTER a spate of new closed-end funds focused on such diverse markets as France and India, many investors had been expecting the next candidate to be Spain, where the major index is up more than 50 percent since Jan. 1 and has more than doubled in six months. Madrid's Bolsa seemed to fit the bill as many of the markets targeted for such funds. Like Italy, it is a booming, small exchange just passed over by foreign investors until now.

Despite elaborate study by Shearson Lehman Hutton, the firm involved in launching the Italy and the France Fund, the idea appears to have been shelved. Shearson executives cite the resistance posed by Spain's steep withholding tax for U.S. investors. Another fear was that investors were not ready to digest yet another "country fund."

In the meantime, fund investors still have a role to play in Spain in Europe, a pioneering closed-end fund set up by Union Bank of Switzerland in 1961. In the 12 months ended Sept. 30, its total return in dollar terms was an impressive 139 percent.

Foreign institutions have played a big role in its success. They returned in droves as the outlook for Spain improved in Spain's entry to the European Community and a referendum proving membership in NATO. By some estimates, foreigners account for 15 percent of the fund's trading volume.

After such an impressive ramp, some foreigners are less bullish about the market's short-term



prospects. Peter Tempony, an analyst with Savory Milin in London, cautions that a flood of new rights issues may undercut the market later in the year. Others worry about the state of the Spanish economy, where official figures put unemployment at more than 20 percent. And there is already talk about settlement delays similar to those in Italy.

But Douglas Polman, a London-based analyst for UBS, says the Spanish rally still has potential. "I'm very bullish on Spain," he says. "I have been for three years." Espaco currently is about 92 percent invested, with the rest in cash.

Ambitious investors who want to construct their own portfolio will find it relatively easy, given the size of the Spanish market. "There are only 10 Spanish stocks which are very liquid," notes Mr. Tempony, "and only perhaps 25 you can get in and out of." For individuals, the tax problems could be skirted by buying the shares through an account in a country with which Spain has a bilateral tax treaty calling for lower withholding rates.

The core holding of any Spanish portfolio is Telefonos, the sprawling telephone utility that is 47-percent state-owned. With more than one trillion pesetas (\$7.5 billion) in revenue, it accounts for 15 percent of the market's capitalization and about half the trading on some days.

Besides its communications monopoly, a major attraction is Telefonos's vast array of joint ventures with foreign companies. It makes semiconductors with ATE, fiber optics with Celsig, computers with Fujitsu and telecommunications gear with Ericsson and Pacific Telesis.

"When foreign investors put in again," says Mr. Polman of UBS, "this is the share they will go for." Not surprisingly, it trades at a premium to the market's price-earnings multiple, which now hovers around 18.

Espaco also favors Telefonos, an electric utility benefiting from lower oil prices, and Banco Popular, which trades at a modest P-E of 11. "It has the best quality among Spanish bank balance sheets and it is cheap," says Marcel Progen, the fund's manager.

ASavory Milin recommendation is Banco Central, whose diverse industrial holdings constitute a sort of closed-end fund of Spanish industry. It controls the Autopistas del Mare Nostrum highway concession along the Mediterranean coast and holds 14 percent of Dragados, a construction firm, and 46 percent of Solvite, the leading consumer finance company.

Though Banco Central's share price has doubled since the first of the year, it has lagged the ramp in the stocks of other major banks. That is largely due to concern over its exposure to debt in Latin America. Some investors dismiss the debt problems there and argue that the shares trade at a discount to assets. Others are not so sure.

"Spanish balance sheets are a bit dodgy," cautions Mr. Polman.

Vivian Lewis

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The New Allure of Gold

Continued From Page 7

In two years, Mr. Scott, who oversees several of Garmore's large international funds, recently put about 5 percent of those portfolios into gold shares, many in Australia.

Still, some investors are hesitant, waiting for proof of a sustained rise. Indeed, few experts encourage investing more than 10 percent of one's assets in any gold-oriented investment.

"Gold isn't like the stock market; there's no real logic," says Mr. Smith of Schroder. More importantly, some investors do not see funds as the best way to invest in gold. Some prefer investing in coins when gold is attractive. Henry Govey encourages clients to put their money in individual mining shares rather than in an existing fund.

Despite the improved outlook for gold funds, drawbacks remain. Concern over stability in South Africa continues to dissuade some investors. Despite a steadily decreasing exposure, most funds still have from 20 percent to 40 percent of their portfolio in South Africa.

And further diversification may prove difficult. South Africa still accounts for 60 percent of world gold production, and funds holding South African shares benefited handsomely during the market's recent rise.

YET some financial advisers say they have clients who seek specifically to be excluded from all South African investment. Waverley Asset Management's Australian Gold Fund, a British unit trust that can only invest in Australian gold shares, was launched two years ago in part to appeal to those who do not want a fund with South African exposure.

Many fund managers also admit to nervousness about the future for a variety of reasons, including possible political sabotage, the market's maturity and share marketability. "Right now the South African buyers want those shares, and while they're buying, there's still a market," says Mr. Smith. "But if they stop..."

Australia has been the biggest beneficiary of the South African

pullout. Most gold funds now have from 15 percent to 35 percent there, and this should rise. Managing M&G Management's Gold Exempt Fund especially like Montana Minerals, Emperor Mines and Kidston Gold Mines.

Moreover, the Australian economic situation is beginning to improve. "There's potential for considerable further discoveries in Australia, further upward re-rating of the shares, and Australia is as politically stable as Canada," says Nigel Hale, who manages MIM and Britannia's newly merged gold fund.

But most Australian companies are quite small, and share prices can be volatile. This could translate into wide swings for the funds.

Canada and the United States, in turn, are more mature markets, but funds managers are boosting stakes here, too. The M&G fund has 33 percent of its portfolio in Canada and 5 percent in the United States, while MIM and Britannia's newly merged gold fund currently has 31 percent of its fund in North America.

Looking Ahead In Tokyo

Continued From Page 7

whether the rally can be sustained. The appreciation of the yen has slowed, and Japanese officials are resisting Washington's calls for further interest-rate cuts. The government has embarked on a program of economic stimulation, but the effects will be a while in coming and are difficult to gauge.

The thrust behind the Tokyo market has been the flood of corporate and household cash into shares. Some investors are cautioning that this flow cannot continue indefinitely. Inevitably, there has been some profit-taking from Japan as some investors have been persuaded again in Europe and the United States. One fund manager argues, "It's mainly been people taking the cream off the top and then staying in." But some analysts trace the rise in gold prices to investor anxiety about the outlook for the Japanese economy and uncertainty about which other markets hold the most promise.

Though few fund managers believe the kind of returns registered by the leaders so far this year can be repeated, many expect further gains. Lazard's Mr. Gratin sees scope for further upside moves in the yen and remains confident for the next three months. "The Japanese market will rally," he says. "Institutional liquidity is high and the alternative sources for the funds are not very appealing."

OVERALL LEADERS

Third Quarter

Total return from June 30 to Sept. 30	
JF Philippine Trust	80.00%
Jardine Fleming	
Thomson Philippines	60.26%
Redevelopment Fund	
Thomson & Co.	
Swift	48.91%
U.B.S./Intreg Ltd.	
Schroder Portfolio Select.	38.03%
Schroder Unit Trust Managers	
Forbes Gold Appreciation Fund	37.58%
Forbes Securities Management	
Gold Exempt Fund, Accumulation Units	39.91%
M & G Group	
Save & Prosper Gold Fund	36.48%
Save & Prosper Management (Jersey)	
Gold Exempt Fund, Income Units	35.75%
M & G Group	
MIM Gold & Precious Metals Fund	31.73%
MIM (Jersey) Limited	
Unilever	31.14%
Investment-Gesellschaft	

Two Years

Total return for 24 months ended Sept. 30	
Quantum Fund N.V.	279.22%
Sorbus Fund Management	
Capital Strategy Fund Ltd.	253.07%
Yen Convertible Bond Fund	
Garmore Fund Managers	
Itau	217.27%
Union Bank of Switzerland	
Capital Italia S.A.	215.33%
Capital International	
JF Pacific Income Trust	215.25%
Jardine Fleming	
French Second Marche & Growth Fund	213.32%
Societe Generale Merchant Bank	
JF Pacific Securities Trust	211.33%
Jardine Fleming	
Worldinvest Equity Fund	206.81%
BA Investment Managers	
Espac	204.63%
Union Bank of Switzerland	
Sarasin Portfolio	194.04%
Garmore	

12 Months

Total return for 12 months ended Sept. 30	
JF Pacific Securities Trust	151.87%
Jardine Fleming	
Espac	138.79%
Union Bank of Switzerland	
JF Japan Trust	137.42%
Jardine Fleming	
Lazard Brothers Far Eastern Fund	135.81%
Lazard Securities (Jersey) Ltd.	
JF Pacific Income Trust	133.84%
Jardine Fleming	
Garmore Oriental Ventures Trust	129.14%
Garmore Fund Managers	
Japan Portfolio	129.13%
Garmore Fund Corporation	
Capital Strategy Fund, Yen Convertible Bond Fund	128.59%
Garmore Fund Managers	
Raw Materials & Minerals	123.79%
Rammo & Rammo	
French Second Marche & Growth Fund	122.58%
Societe Generale Merchant Bank	

Five Years

Total return for 5 years ended Sept. 30	
Quantum Fund N.V.	644.90%
Sorbus Fund Management	
JF Pacific Income Trust	485.27%
Jardine Fleming	
GT Japan Small Companies Fund	383.59%
GT Management	
Transpacifund	380.07%
Schulenberg Mallet & Co.	
Schroder Japan Fund	372.92%
Schroders Asset Ltd.	
JF Japan Trust	365.03%
Jardine Fleming	
Hambro Pacific Japan Fund	337.67%
Hambro Pacific Fund Management	
Kleinwort Benson Japan Fund	332.80%
Kleinwort Benson Investment	
Worldinvest Equity Fund	318.73%
BA Investment Managers	
RBC Int'l Capital Fund	304.44%
RBC Investment Managers	

Sources: Lipper Analytical Services, New York. Total return in U.S. dollars and assumes reinvestment of capital gains distributions and dividends, regardless of the fund's stated objectives. Rankings are made on the basis of daily annualized rate of change, which may result in some funds being ranked ahead of others with higher total return. Neither sales nor sales charges are taken into account.

Technology Funds: A 12-Month View

Total return for 12 months ended Sept. 30	
Yamauchi Dynamic Growth Fund	109.98%
Benque Paribas	
GT Henshu Pathfinder Fund	104.40%
GT Management	
JF Japan Technology Trust	100.27%
Jardine Fleming	
Yamauchi Advanced Technology	63.62%
Benque Paribas	
Japan Technology Fund	58.64%
Baring Int'l Fund Managers	
DWS-Technologiefonds	46.02%
DWS	
Sci/Tech	44.76%
Merrill Lynch Asset Managers	
DT-Technologiefonds	43.54%
Deutscher Investment Trust	
Britannia World of Technology	30.32%
Britannia Int'l Investment	
Alliance Int'l Technology	29.98%
Alliance Capital Management	

Gold-Oriented Funds: 12-Month View

Total return in U.S. dollars over 12 months ended Sept. 30. Average return of funds: 24.82%	
Forbes Gold Appreciation Fund	68.81%
Forbes Securities Management	
MIM Gold & Precious Metals Fund	34.31%
GT Management	
Tyndall-Guardian Gold Fund	30.03%
Tyndall-Guardian Management	
Hiroko	29.98%
Strategic Management	
Unilever	27.29%
Union Bank of Switzerland	
Swift	25.10%
Gold Exempt Fund, Accumulation Units	16.35%
M&G Group	
Gold Exempt Fund, Income Units	15.49%
M&G Group	
Britannia Gold Fund	11.02%
Britannia Int'l Investment	
Standard Bank Gold Fund	-12.00%
Standard Bank Fund Managers	

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General Equity Funds Still Lag Market Index

DESPITE the fact that individual investors are continuing to pour money into mutual funds, general equity funds again failed to beat the market in the third quarter of 1986. The average decline of these funds, as tabulated in the quarterly survey by Lipper Analytical Services, was 8.40 percent, compared with a 6.97-percent drop in the Standard & Poor's index of 500 stocks, with dividends reinvested. Only once in the last 11 quarters — the first quarter of this year — have the general equity funds outperformed the S&P 500.

Even so, some types of funds, such as those playing the gold stocks, fared better in the quarter. Gold-oriented funds were by far the best performing group, with an average increase of 28.69 percent in the period. They were followed by international funds, up 8.51 percent, and natural resources funds, up 3.03 percent.

"Gold mutual funds have staged the most dramatic turnaround of any group of funds in the third quarter," said Ray Green, editor of the Mutual Fund News Service. During the second quarter of this year, gold funds were off 8.03 percent and constituted the only sector that showed a negative return.

In contrast, the worst performers were health funds, down 15.76 percent; small company growth funds, down 14.83 percent; and science and technology funds, down 10.76 percent.

"You had a collapse in the over-the-counter market and in speculation in individual securities," said Michael Lipper, president of Lipper Analytical Services. "Now money that may have been in the over-the-counter stocks is in other vehicles, such as arbitrage and program trading."

The five top funds for the third quarter all were heavily invested in gold stocks. No. 1 on the list was Strategic Investments Fund, which invests in gold mining companies in South Africa, with a 49.8 percent increase.

"That's where the world's greatest gold mines are," said Roy Bensus, president of the fund. Adding to the U.S. Congressional override of President Ronald Reagan's veto of legislation imposing stiff economic sanctions on South Africa, he added, "I am a money manager. I'm not trying to make some moral statement."

Second on the Lipper list was United Services

Best Performers

Total return for periods ending Sept. 30

Third Quarter	1 Year
Strategic Investments	49.80%
US Gold Shares	45.72%
Valdora Investment Services	35.75%
USAA Gold	34.69%
Principles Fund	34.36%
Fidelity Select	34.36%
Principles Manager	34.36%
Vegetarian Fund	34.36%
Oppenheimer Gold & Precious Metals	34.36%
Investment Resources	34.36%
Financial Partners	34.36%

Third Quarter	1 Year
Zenith Fund	85.01%
Capital Growth	75.71%
GT Pacific Growth	75.71%
Marlin Lynch	70.19%
GT Japan Growth	69.68%
Frontier Overseas	68.82%
SPR International	63.66%
Newport East	62.34%
Metropolitan	61.94%
Public Bank	61.94%
De Long	60.68%
Public	60.68%
World Opportunity	58.60%

Source: Lipper Analytical

Gold Shares, which also invests exclusively in South African mines. In addition, United Services keeps only a small portion of its assets in gold — currently about 5 percent — compared with other funds that have substantially higher cash positions.

"I am confident that the gold price will continue to rise in the fourth quarter," said Brad Heister, vice president and portfolio manager of the fund. "And the South African financial result is a currency search for its value, adding good support to stock prices."

However, the third-best performer, Huron Investment Services, which invests in the fourth-best performer, USAA Gold Fund, put the bulk of their investments elsewhere. About 75 percent of the fund, up 35.75 percent, was invested in North American companies such as Echo Bay Mines and Battle Mountain Gold, while USAA Gold, up 34.69 percent, is heavily weighted in Australian mining stocks.

The worst-performing fund in the third quarter was the tiny Eighty Eight Fund, a new fund with only \$150,000 in assets that started last year and suspended sales in January. Following an examination by the Securities and Exchange Commission.

John Irwin, the fund's treasurer, said that the 32.47-percent decline was "unjustified" since the large drop in the third quarter was due to some adjustments we made at the suggestion of the SEC."

He declined to elaborate and the commission said that it did not comment on examinations of individual mutual funds.

The third-poorest record was watched by Fidelity Select-Bio Technology, which was down 25.33 percent. Steven Kaye, portfolio manager, noted the "volatility" of the fund, adding, "This group led on the way up and it was similar on the way down. But the long-term fundamentals are superb."

Two Steward Securities funds — American

Industry and Oceanographic, Technology and Growth — were second and fourth from the bottom of the list. Steward American Technology was down 25.55 percent and Steward Oceanographic, down 25.49 percent. Paul Harbick, in charge of the fund's investments, said, "We don't talk to the press."

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Aggressive Trader

FUND managers with unusual trading strategies have been offering several new closed-end funds lately and the reception has so far been overwhelming in the United States, which last month sold \$300 million of shares in an initial offering after it originally had planned to raise only \$65 million.

Fund managers like the closed-end approach because it frees them from the prospect of having to dump parts of their portfolios if there is a rash of shareholder redemptions. Shares are treated like stock in a company and are sold on the stock market. And investors apparently are warming to closed-end funds because the new fund managers have strong track records and because most closed-end funds no longer sell at a discount to their asset value, as had been the case for years.

Martin E. Zwarg, the portfolio manager, clearly has an unorthodox investing style. While he stresses that he is a long-term investor and does not try to beat the market on a shorter basis, he does not merely rely on a buy-and-hold strategy for stocks based solely on a stock's earnings prospects.

"We believe our fund is the only one that will be heavily involved using index futures and stock options as hedging vehicles. And we will not hesitate to sell short or engage in program trading," he says.

Mark J. Hubert, editor of the *Hulbert Financial Digest*, which tracks the performance of market letters and advisers, says his records show that Mr. Zwarg's results from such short-term operations have not produced more profits than those achieved by, for example, Charles Allmon, another well-known investment adviser who also has his own closed-end fund but is a steadfast long-term trader.

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STRATEGY

Big Bang: A Play On Trusts

THE endless noise generated by Big Bang may have dulled the senses of many investors, but for Clifford Hill & Co., Compurgraphic Corp., Lucky Stores, Vacom International, Kaiser Cement Corp., Overnite Transport, Celco, Ryan Homes, and USX Corp. are among the companies that have been trading at surprisingly steep discounts to their asset value, according to Mr. Herzfeld, president of his own investment firm in South Miami and a specialist on closed-end funds.

Such discounts are appealing since the ideal outcome is to buy a closed-end fund or investment trust at a fairly deep discount and then sell it as the spread narrows, much like a value-oriented investor tries to find a conventional stock at a bargain price. If the discount is attractive enough, the process may be speeded by a takeover or an attempt by shareholders to force management to "open-end" the fund, that is, convert it into a conventional mutual fund.

This enables investors to redeem shares at the full net asset value. With the advent of deregulation and a free trading environment in London, Mr. Herzfeld believes the character of Britain's investment trusts, which generally have been regarded as solid, long-term investments, will be radically transformed.

Indeed, recent reforms in Britain's fund industry are already having an impact. Unit trusts are no longer prohibited from leveraging their portfolios, eliminating a major argument by management firms against open-ends.

Moreover, there has already been talk that big U.S. investment firms will be market makers in London, and even some investment trusts as a cheap, easy way to acquire a substantial portfolio, according to Mr. Herzfeld.

"With Big Bang, it will be easier for recognition, open-ends and open takeovers," he says. "The trusts may even start taking over one another."

One of Mr. Herzfeld's current recommendations is Electra, a \$300-million (\$426 million) trust with a diversified portfolio. Electra is trading at almost a 30-percent discount to its net asset value.

Murray Electric also is a favorite of Mr. Herzfeld's.

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in September.

Percent Gain	Price Sept. 30	Percent Loss	Price Sept. 30
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New York Stock Exchange

Gifford Hill & Co.	41	31.75	Diamond Bathurst	37	16.00
Compurgraphic Corp.	41	22.50	Farrar Manufacturing	33	15.00
Lucky Stores	38	33.25	Marion Cars	30	16.63
Vacom International	37	41.00	American Family	30	25.75
Kaiser Cement Corp.	33	19.50	Pay N Pak Stores	29	10.75
Overnite Transport	30	43.00	General Host Corp.	27	13.88
Celco	30	23.80	Imperial Corp. of America	26	12.88
Ryan Homes	30	49.50	Newhall Investment	25	13.25
USX Corp.	28	23.75	ICI Pharmaceuticals	24	18.00
			Hershey Foods	25	21.63

American Stock Exchange

Electronics Corp. of America	58	51.88	Lorimar-Telepictures	28	17.50
Handyman	43	43.75	MacGregor Sporting	28	10.88
Horn & Hardart	40	18.75	Entertainment Mktg.	24	18.75
Spectrum Group	35	12.50	Bergman Brunswick	24	17.38
FPA Corp.	34	10.25	Bio-Rad Labs Inc.	22	14.75

Over the Counter

Southland Financial	67	26.25	M/J/R/C	37	10.25
Cordis Corp.	43	15.75	Vicorp Restaurants	34	11.25
Riverside Group	42	11.00	Barns Indus.	31	14.00
Int'l Mobile Machine	39	18.38	Fremont General	30	18.75
Sam Kar Lighting	36	25.75	Price/Stern/Sloane	29	13.00

London Stock Exchange

De Beers (S. Africa)	13	496	Saatchi & Saatchi	21	580
Reed International	12	273	Mercury International	18	280
Vacum International	11	598	Cable & Wireless	17	284
Schroders	11	736	Smiths Industries	17	738
B.A.T. Industries	9	448	BICC	16	238
Wills Fabrics	8	444	Provident Financial	16	233
Hambros	7	236	Bunzl	16	198
Inchcape U.K.	7	438	British Comm. Shipping	16	223
Rio Tinto-Zinc	6	660	Heinkel Holdings	16	431
Transport Development	6	181	TI Group (Tube Invest)	16	402

Tokyo Stock Exchange

Kumagai-Gumi	51	1,280	Kyowa Hakko/Ferment	23	2,000
Tokyo Gas	49	1,200	Nishin Steel	23	676
Ishikawajima-Harima	47	630	Sabur Railway	23	4,800
Nippon Yusen	31	2,380	Nippon Shuppan	21	1,100
Tokyo Electric Power	27	8,150	Nippon Engineering	21	230
Toshiba Corp.	27	828	Toyo Sanki	21	1,860
Toyota Motor Corp.	26	2,020	Japan Line	20	1,100
Sumitomo Electric	25	1,890	Kuraray	19	1,550
Mitsubishi Electric	23	598	Joachim Denki	19	1,470
Mitsubishi Estate	22	2,770			

Compiled by Morgan Stanley Capital International. Prices in yen.

recommends is Electra, a \$300-million (\$426 million) trust with a diversified portfolio. Electra is trading at almost a 30-percent discount to its net asset value.

Murray Electric also is a favorite of Mr. Herzfeld's.

"I'm quite enthusiastic about this one," says Mr. Herzfeld. Although the trust specializes in the depressed technology sector, he believes the 49-percent discount is very attractive. Moreover, he says,

its assets include stakes in a large number of small over-the-counter and private companies whose real value is not reflected in the net asset value.

John Mechan

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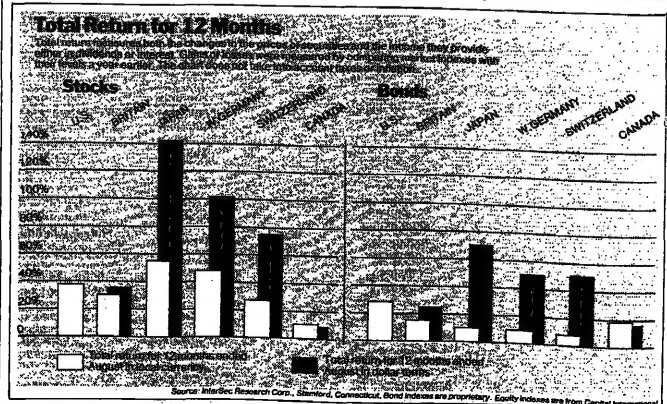
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April, 1981

FUNDS

A Bull Market in Newsletters

A glut of newcomers may lead to shakeout.

By Bruce Hager

RICHARD DOEF is a busy man. An accomplished author with 13 books on finance and investment to his credit, he is also full-time professor of management and specializing in finance and investment at the Graduate School of Management at University of California in Davis. Yet despite his heavy schedule, Mr. Doef can be found at home most weekday mornings working on his latest project, "The New Mutual Fund Investor."

It may seem odd that a man with so many accomplishments would turn to the little world of newsletter publishing, but the 52-year-old Mr. Doef sees it as the natural extension of his career — from which his newsletter just in time. The book focuses on the risk-adjusted return of funds. "When I wrote the book, my associates and investment advisers encouraged me to go do a newsletter," he says.

At only \$45 a year, Mr. Doef has managed to attract 400 subscribers since he began the venture at February. "My approach has been to build it by word of mouth," says Mr. Doef, who usually hopes to attract from 5,000 to 10,000 readers.

Such success, however, may not be a sign. Newsletter focusing on mutual funds have been cropping up with greater frequency in the United States as interest in mutual funds has intensified. As fund assets grew to \$650 billion, from \$100 billion just six years ago, the number of fund newsletters jumped from a mere handful more than 45 today. More have sprung for less than two years.

Some are published by newcomers such as Mr. Doef, while others present additions offered by one experienced publisher. Jay Chaback, who 10 years ago began the Swiss Fund Adviser, and that he entered a small clinical audience, now has 10 to be begun writing the Retirement Fund Adviser. And last



year he founded Mutual Fund Investing. "I have six model portfolios, and it drives me crazy to keep track of them," he says.

There are even newsletters sponsored by fund management groups. Investors in Fidelity Investments Co.'s stable of funds can pay \$36 a year for The Independent Investor's Personal Investing Newsletter. Others are charged double that amount. So far it has attracted 100,000 readers in less than two years.

The growth has been so quick that experts already are forecasting problems in the newsletter business and talk of a shakeout is spreading. "It's fragmenting the industry, creating so many choices for the investor," says David Menash, publisher of Fundline, which dates back to 1968 and is one of the first newsletters.

Aside from an eager public, low overhead cost explains the sharp increase in the number of newsletters in general. With little more than a typewriter and a mailing address, anyone can churn out investment advice. And as long as newsletter writers are not actively managing money, or providing fraudulent advice, they do not come under the jurisdiction of the Securities and Exchange Commission.

Not surprisingly, the proliferation of advisory letters has bred confusion among investors. And with subscription prices ranging from \$35 to \$225 a year, picking the better ones can be difficult. Almost all offer model portfolios. Burton Berry, publisher of a

well-known NoLoad Fund X in San Francisco, upgrades his recommended portfolio every month on the basis of his own forecasts for the market and specific sectors.

Some try to beat the rest of the pack by emphasizing one type of fund, like no-load, sector funds or specific fund groups. A Fidelity Group spokeswoman, Ginger Pratt, says there are at least four or five newsletters devoted solely to advising readers on the 100 funds managed by the Boston company.

The vast majority essentially are market timers like Dick Fabian, publisher of the Telephone Switch Newsletter in Huntington Beach, California. For \$117 a year, Mr. Fabian tells subscribers what to switch between equity funds and money market funds. He also has a "hotline" telephone service, a recorded message for the nervous that is updated twice a week.

"I'm trying to find an investment vehicle where the person would be comfortable and willing to commit his money," says Mr. Fabian, who says that his newsletter reaches 35,000 subscribers. If an investor takes \$80,000 and puts it into something that can produce 20 percent for 15 years, he says, "it will be worth \$1.25 million."

Mr. Fabian's models is up 40 percent, according to Hubert, while Mr. Fabian has achieved a 15-percent gain on his investments in funds portfolio.

Hubert, however, only tracks fund letters and that have been around for several years. The performance of more recent newsletters are nearly impossible to verify independently and their own claims of huge profits are sometimes suspect. By contrast, Mr. Doef says his buy and sell recom-

mendations aim at a 15 percent. "You can go for the home-run hitter I but avoid them," he says. Dennis Surprenant, the SEC's regional director of enforcement in Boston, says that he receives numerous complaints about fraudulent performance claims. He says this is especially true when newsletters try to backdate the performance of model portfolios over several years, sometimes to a period before their existence. Investors tend to feel more confident about a long and successful track record.

STILL, there are those who question the wisdom of model portfolios. Investing in a mutual fund is not like buying a single stock and should be considered a longer term commitment. Most experts agree that investors should stay with a fund for at least four to five years, the traditional length of a market cycle, to reap the benefit of any fund.

Gerald W. Pratt, editor of The Mutual Fund Letter in Chicago, says he carried no model portfolios during the first two years of his publication but began offering some a year ago. "The readers demanded it, so what can you do?" he says. Adia Chaykin, Celler, president of Financial Planning Consultants in San Diego, "People are constantly moving in and out of funds and they really don't get anywhere."

Still, although performance counts, the newsletter must be written clearly enough to be understood. More than a few newsletters suffer from an imbalance of data and market interpretation, so that a subscriber often is left confused.

Investors are advised to shop around. Look at the past issues of several newsletters to see if their recommendations would have been profitable. Indeed, some mutual fund investors prefer to subscribe to several letters, looking for a consensus.

Paul Mazzocco, publisher of the Fund Exchange, says a recent survey of his 1,000 subscribers found that many of them received as many as four investment letters in addition to his own. "My God," he says, "they must be newsletter junkies."



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U.S. Dollars

Asset	Security	%	2001	Made	YTD	YTD
				2001	2001	2001
AUSTRALIA						
100	Australia	100	100	100	100	100
101	Australia	100	100	100	100	100
102	Australia	100	100	100	100	100
103	Australia	100	100	100	100	100
104	Australia	100	100	100	100	100
105	Australia	100	100	100	100	100
106	Australia	100	100	100	100	100
107	Australia	100	100	100	100	100
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164	Australia	100	100	100	100	100
165	Australia	100	100	100	100	100</

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Marketmakers in Deutschmark Bonds **WestLB**
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Herald Tribune BUSINESS/FINANCE

October 13, 1986
Page 13

Realistic Terms of Issues Help to Overcome Apathy

By CARL GEWIRTZ
International Herald Tribune

PARIS — Trying to overcome the apathy of investors as well as underwriters, managers last week resorted to one of the oldest tools of the trade, little use of late: setting terms on a Eurobond bond that were considered realistic, perhaps even generous.

Since late 1982, when interest rates started declining and since bonds came back into fashion, new issues have been consistently offered at terms that could only be justified if interest rates continued to decline.

But with investors doubting whether there is room for any further additional rate decline, such aggressive pricing has left underwriters sitting on large inventories of paper that can only be sold at substantial loss, hardly surprising, increasingly unwilling to participate in new deals.

The way out of this problem is simple: Price issues so that at least underwriters are left with some profit.

And this is what Italy did on a \$100-million, five-year note. The coupon was set at 7 percent and the offering price at 99.4. For underwriters who paid commissions of 1 1/2 percent, the net yield was 8.05 percent over five-year U.S. Treasury paper. But by late Friday, with prices in New York climbing, the 14-point discount on the Italian paper made for a total of 60 basis points over the Treasury curve.

The bonds were priced by Moody's, reflecting the rating agency's belief that Italy has passed through a major inflection point in the past decade, creating one of the most dynamic economies in the developed world and a much more stable political outlook.

The yield on the Italian paper is about the level where Eurobonds trade in the secondary market. Up to now in the new market, the offering terms have usually been pitched at 20 to 30 basis points over the Treasury curve. Gradually, that spread has been increasing, but always lagging the trend in the secondary market and leaving underwriters with mounting losses.

Italy reversed this. The paper ended the week quoted at a discount of 14 points, its 99.4, leaving underwriters with a profit 4 percent out of their total commissions, a very rare event.

Belgium's Régie des Télégraphes et Téléphones was almost as generous, paying 74 basis points over the Treasury curve on its \$40 million of four-year notes, priced at 94 1/4 with a coupon of 7 1/4 percent. The notes, guaranteed by Belgium, are registered securities and are sold in large denominations of \$250,000, which is aimed at keeping the tax-free paper out of the hands of Belgian investors.

These notes ended the week down 14 points, the full commission paid to underwriters, but still considered a respectable performance.

The other short-term paper offered last week was marketed at terms spread to the Treasury curve: 40 basis points over the rate for the European Community, 43 basis points over the rate for the Swiss Bank Corp., 48 basis points over the rate for the Swiss National Bank.

Business Leaders Gloomily Say U.S. Deficits Hinder Growth

The Associated Press
HOT SPRINGS, Virginia

AMERICAN BUSINESS leaders are frustrated over the large U.S. trade deficit despite assurances from the Reagan administration that the worst of the trade problem appears to be over.

Members of the Business Council, ending a three-day retreat here on Saturday, pinpointed the big trade and federal budget deficits as the two most serious economic problems facing the country.

The full meeting of the Business Council, composed of chief executives of 66 of the largest U.S. corporations, had a decidedly more pessimistic tone than a session just five months ago.

At their spring meeting, the executives predicted modest growth would accelerate in coming months as a declining dollar reduced American imports and the growing presence of foreign companies while boosting sales of exports.

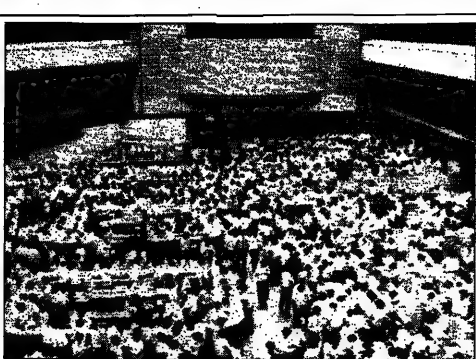
But instead, the trade deficit has worsened as imported goods have continued to flood the country while export sales have shown little improvement.

The business executives limited the worsening trade performance directly to a failure of Congress and the administration to make headway against the federal budget deficit. The budget deficit pushes up interest rates and the value of the dollar, two factors often cited for U.S. trade problems.

"The budget deficit is the problem," said Robert A. Beck, chairman of Prudential Insurance Co. "It is a hidden drain on the power and the will of the nation."

The business leaders expressed impatience that the trade deficit is increasing even though the dollar's value has fallen by 35 percent in the past 18 months. The executives said that the trade deficit is hindering the ability to improve exports, even the modest economic growth they expect over the next two years will fail to maintain the U.S. position.

Mr. Beck, talking to reporters after the meeting, said that the dollar's value has fallen by 35 percent in the past 18 months. The executives said that the trade deficit is hindering the ability to improve exports, even the modest economic growth they expect over the next two years will fail to maintain the U.S. position.



The floor of the Tokyo Stock Exchange. Deregulation of Japan's financial markets has increased competition for bond dealers, foreign-exchange traders and other specialists.

Japan Bank Hiring Turns Aggressive

By Jim Impoco

TOKYO — The rapid pace of deregulation in Japan's financial markets and the growing presence of foreign companies while boosting sales of exports.

But instead, the trade deficit has worsened as imported goods have continued to flood the country while export sales have shown little improvement.

The business executives limited the worsening trade performance directly to a failure of Congress and the administration to make headway against the federal budget deficit. The budget deficit pushes up interest rates and the value of the dollar, two factors often cited for U.S. trade problems.

"The budget deficit is the problem," said Robert A. Beck, chairman of Prudential Insurance Co. "It is a hidden drain on the power and the will of the nation."

Elders Arranges to Borrow Most of Cost of Courage Purchase

PARIS — Elders, an Australian brewer, arranged last week to borrow in the international market most of the \$1.46 billion (the equivalent of \$2.08 billion at present rates) it is paying to acquire a British brewery.

The bulk of the financing is a \$1.2-billion syndicated credit. A further \$460 million has been raised in the Eurobond market.

The three-year credit facility can be drawn up to meet \$100 million. During the "availability" period, it will pay 9 1/2 percent over the London interbank offered rate, or LIBOR, for the first three years and 10 1/2 percent thereafter.

If the credit line is drawn, the senior will pay a base rate of 1/2 percent over LIBOR plus utilization fee of an additional 1/4 point over LIBOR.

The five-year, \$750 million international line will be used to back up the sale of short-term notes. UAL will pay underwriters an annual facility fee of 9/16 percent, or 5.625 percent, a percentage point, for the first three years and 10 1/2 percent thereafter.

If the credit line is drawn, the senior will pay a base rate of 1/2 percent over LIBOR plus utilization fee of an additional 1/4 point over LIBOR.

OPEC President Says U.K. Stance May Cause Crisis

By Robert Burns
The Associated Press
GENEVA — The refusal of Britain and some other independent oil-producing nations to help OPEC prop up oil prices is driving the world toward a new energy crisis, the oil cartel's president, Rikman Lukman, asserted on Sunday.

Mr. Lukman, Nigeria's oil minister, said the loss of OPEC's clout in the oil market meant that adequate supplies for the future were no longer assured.

Meanwhile, OPEC's technical advisers finished work on Saturday on a formula for setting new quotas for oil production designed to boost prices, cartel leaders said. They gave no details.

The 13 oil ministers of the Organization of Petroleum Exporting Countries had been meeting in Geneva since last Monday but suspended talks while the advisers met.

The ministers were to begin reviewing the technical advisers' report on Monday.

But in past negotiations, the advisers' recommendations have been of little help in narrowing differences between ministers.

In remarks at a business conference in Rimini, Italy, Mr. Lukman said that this year's unprecedented collapse of oil prices, to a current range of \$14 to \$16 a barrel, had reduced some oil producers outside OPEC to limit their output in cooperation with the cartel.

There's been such a demand for foreign-exchange and bond issues, Japan's fourth largest bank, such recruiting practices would have been unthinkable a few years ago. After all, Mitsubishi was among the first to introduce the lifetime employment system around the turn of the century.

But the pooling away of layers of century-old restrictions has allowed banks to develop new lines of business, and they have begun expanding rapidly into government-bond dealing at home and securities dealing abroad.

Switching jobs is frowned upon here because of the Japanese concept of loyalty to a company in return for lifetime employment.

At Mitsubishi, Japan's fourth largest bank, such recruiting practices would have been unthinkable a few years ago. After all, Mitsubishi was among the first to introduce the lifetime employment system around the turn of the century.

There's been such a demand for foreign-exchange and bond issues, Japan's fourth largest bank, such recruiting practices would have been unthinkable a few years ago. After all, Mitsubishi was among the first to introduce the lifetime employment system around the turn of the century.

Markets Closed

Financial markets will be closed Monday in Canada and Hong Kong today. Government offices and major banks will be closed in the U.S. for a holiday.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

State	Sales by 100,000 High Low Class Office		Sales by 100,000 High Low Class Office
	High	Low	
Alabama	100	100	100
Alaska	100	100	100
Arizona	100	100	100
Arkansas	100	100	100
California	100	100	100
Colorado	100	100	100
Connecticut	100	100	100
Delaware	100	100	100
District of Columbia	100	100	100
Florida	100	100	100
Georgia	100	100	100
Hawaii	100	100	100
Idaho	100	100	100
Illinois	100	100	100
Indiana	100	100	100
Iowa	100	100	100
Kansas	100	100	100
Kentucky	100	100	100
Louisiana	100	100	100
Maine	100	100	100
Maryland	100	100	100
Massachusetts	100	100	100
Michigan	100	100	100
Minnesota	100	100	100
Mississippi	100	100	100
Missouri	100	100	100
Montana	100	100	100
Nebraska	100	100	100
Nevada	100	100	100
New Hampshire	100	100	100
New Jersey	100	100	100
New Mexico	100	100	100
New York	100	100	100
North Carolina	100	100	100
North Dakota	100	100	100
Ohio	100	100	100
Oklahoma	100	100	100
Oregon	100	100	100
Pennsylvania	100	100	100
Rhode Island	100	100	100
South Carolina	100	100	100
South Dakota	100	100	100
Tennessee	100	100	100
Texas	100	100	100
Utah	100	100	100
Vermont	100	100	100
Virginia	100	100	100
Washington	100	100	100
West Virginia	100	100	100
Wisconsin	100	100	100
Wyoming	100	100	100

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Symbol	Company	Price	Change	Volume	High	Low	Open	Close	Net	Symbol	Company	Price	Change	Volume	High	Low	Open	Close	Net
IBM	International Business Machines Corp.	120 1/2	+1/4	100	120 3/4	120 1/4	120 1/2	120 1/2	+1/4	IBM	International Business Machines Corp.	120 1/2	+1/4	100	120 3/4	120 1/4	120 1/2	120 1/2	+1/4
GE	General Electric Co.	32 1/2	+1/4	100	32 3/4	32 1/4	32 1/2	32 1/2	+1/4	GE	General Electric Co.	32 1/2	+1/4	100	32 3/4	32 1/4	32 1/2	32 1/2	+1/4
AT&T	American Telephone & Telegraph Co.	34 1/2	+1/4	100	34 3/4	34 1/4	34 1/2	34 1/2	+1/4	AT&T	American Telephone & Telegraph Co.	34 1/2	+1/4	100	34 3/4	34 1/4	34 1/2	34 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4	AMT	American Metal Works Inc.	13 1/2	+1/4	100	13 3/4	13 1/4	13 1/2	13 1/2	+1/4
AMT	American Metal Works Inc.																		

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Wall Street Review

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Mutual Funds

NEW YORK (AP)—
The following out-

[illegible]

[The following page contains extremely faint, illegible text.]

ASDAQ National Market


OTC Consolidated trading for week ended Friday.

Symbol	High	Low	Open	Close	Volume	Change
AA	11 1/2	11 1/4	11 1/4	11 1/2	100	+1/4
ABC	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4

Symbol	High	Low	Open	Close	Volume	Change
AA	11 1/2	11 1/4	11 1/4	11 1/2	100	+1/4
ABC	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4

Symbol	High	Low	Open	Close	Volume	Change
AA	11 1/2	11 1/4	11 1/4	11 1/2	100	+1/4
ABC	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4
ABT	10 1/2	10 1/4	10 1/4	10 1/2	100	+1/4

THE LONGINES
STYLE

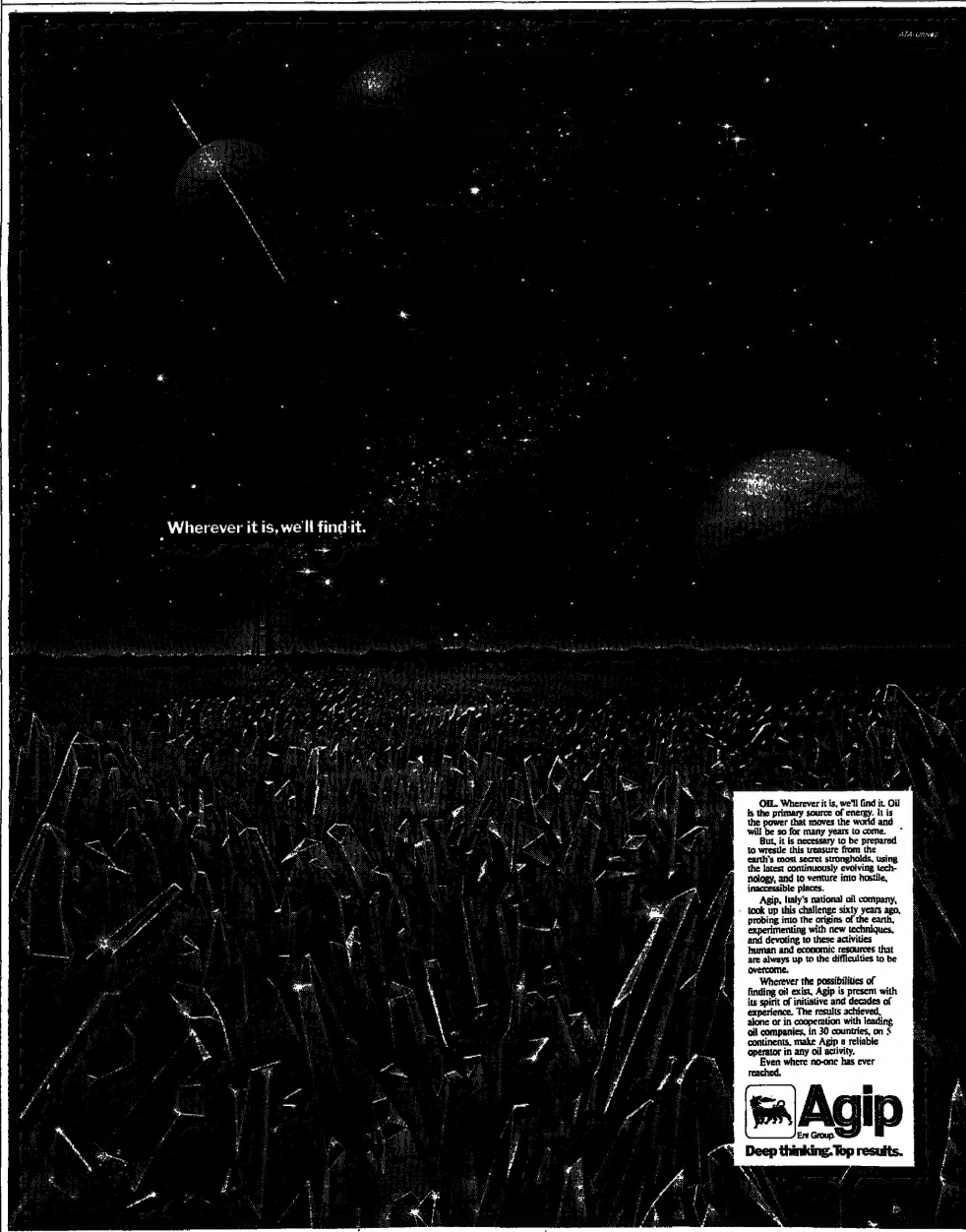


LONGINES

Conquest VHP
Very High Precision

Conquest VHP (for Very High Precision) is probably the world's most advanced wrist watch. Its temperature-compensated quartz movement can vary by no more than about one minute in five years, making it five to ten times more accurate than conventional quartz watches.

Wherever it is, we'll find it.




OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.

But, it is necessary to be prepared to wrestle this treasure from the earth's most secret strongholds, using the latest continuously evolving technology, and to venture into hostile, inaccessible places.

Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.

Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity.

Even where no-one has ever reached.



Agip
Eni Group

Deep thinking. Top results.

